

## **Summary of 8-22-12 interview of Aaron Robertson**

Interview and summary by Thomas M. Patton, Deputy Attorney General

In January 2012 Aaron Robertson was appointed deputy director and thus head of the administrative services division of the Department of Parks and Recreation. Robertson previously served as administrative services manager for the California Department of Environmental Protection's toxic substances control section, and also for the Rocklin Police Department. He is a Lieutenant Colonel in the Marine Corps reserves whose prior active duty service includes two tours in Iraq. (Aaron Robertson transcript (ARtr), pp. 5-6.)

Robertson reports that in mid to late-April 2012, Parks accounting officer Dorothy Kroll and budget officer Elsie Brenneman separately advised him that discrepancies existed in the fund balance reported to the State Controller's Office (SCO) versus the Department of Finance (DOF) for the State Parks and Recreation Fund (SPRF). Kroll and Brenneman both advised the discrepancy was in the range of \$20 million. Robertson directed Kroll and Brenneman to do additional research and identify the magnitude of the problem. (ARtr, pp. 8, 10, 22-23.)

Within a day or two of hearing about the discrepancy from Kroll and Brenneman, Robertson discussed the matter with then-acting chief deputy director Michael Harris. Harris indicated he was aware of the situation, aware it had existed for some time, described it as a large problem, although Harris also indicated he was not aware it was as large as \$20 million. (ARtr, pp. 9, 25-26.) After talking with Harris about the matter on more than one occasion, and realizing it was not getting resolved, Robertson informed Harris that Robertson would report the issue to his administrative services counterpart at the Natural Resources Agency, Pat Kemp. Harris responded "okay." Robertson believes he informed Pat Kemp in either May or June of 2012. Kemp told Robertson to go ascertain the details. (ARtr, pp. 9, 20-23.)

Robertson subsequently reviewed his past emails and determined that, shortly after his arrival in January 2012, Kroll had sent him an email with an attachment inquiring into numerous issues. Items 19 and 20 of the 23-item attachment raised the question why was the Department not disclosing approximately \$20 million of existing SPRF monies its fund condition reports to the DOF. (ARtr, p. 11; Exhibit K attached hereto.) Robertson stated that when Kroll originally

sent him the email he was busy attending to numerous issues confronting him as the new head of administrative services. At the time, Robertson forwarded and delegated Kroll's email to then-assistant deputy director of administrative services, David Saxby, without closely examining it. (ARtr, p. 12.) Robertson states that Saxby did not report back to him concerning the fund balance discrepancy issue raised in Kroll's email. (ARtr, p. 13.)

In April 2012, after Kroll and Brenneman verbally informed Robertson about the SPRF fund balance reporting discrepancy, Robertson talked with Saxby. Saxby told Robertson he knew about the discrepancy and indicated he believed it was in the millions of dollars. Robertson stated that Saxby informed him he had discussed the issue with Kroll, and had also had conversations about it with former administrative services deputy director Manuel Lopez. Saxby further advised Robertson that Saxby, Lopez, and Brenneman had all spoken with Michael Harris about it. Kroll likewise informed Robertson that she and Saxby had discussed the issue. (ARtr, pp. 14, 19, 26-27.)

By July 2012, when Robertson was ready to report additional details to Pat Kemp, the Parks Department had begun receiving public records requests for its fund condition records. On approximately July 17<sup>th</sup>, either the same day or the day after Robertson had his follow-up meeting with Kemp, Robertson and Kemp met with Natural Resources Undersecretary Janelle Beland. Robertson provided a spreadsheet of figures detailing the disparate fund balances reported to the SCO and DOF over the years. Beland immediately called and reported the matter to Natural Resources Secretary John Laird. The same afternoon Robertson and Beland met with and briefed the Governor's staff on the matter. (ARtr, pp. 28-31.)

Robertson was shown a DOF spreadsheet that details the disparate fund balances reported to the SCO and DOF for the SPRF going back a number of years.<sup>1</sup> (ARtr, pp. 31-36.) When asked if he had a sense whether the discrepancies in the reported SPRF balances were accidental

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<sup>1</sup> Figures initially obtained from the DOF and reviewed with Robertson during this interview indicated a \$49.8 million discrepancy in the SPRF balance reports for fiscal year ending June 30, 2001. (ARtr, p. 32.) It was later determined that the DOF spreadsheet contained an error and overstated the SPRF adjusted 2001 fiscal year-end cash balance by \$27 million. The spreadsheet was corrected and now indicates that the discrepancy in SPRF balance reports to SCO and DOF for FY ending 2001 was \$22.8 million and not \$49.8 million. (See Exhibit A.)

or intentional, Robertson stated that he understood the disparity began accidentally and was attributable to errors in calculating prior year adjustments for the SPRF. He also understood that what began as an error became a repeated, conscious misrepresentation of the SPRF balance. (ARtr, p. 38.) With regard to the Off-Highway Vehicle (OHV) fund, Robertson stated that any discrepancies in reported balances appear to be “recording” or other types of errors. Robertson does not believe any OHV fund balances have been consciously misrepresented. (ARtr, p. 45.)

After reporting the results of additional research to Kemp, Robertson met with and described the matter to then-director Ruth Coleman. Coleman did not appear to understand the magnitude of the problem, and gave no indication she knew about the issue. (ARtr, pp. 45-47.)

Robertson stated that he subsequently asked former deputy director of parks operations Tony Perez whether he had known about it. Robertson recalls that Perez did not specifically indicate he was aware of a SPRF fund balance reporting discrepancy. Perez did advise he had heard there “was money out there,” which Perez believed had been discussed in the past. Robertson understood Perez to be referring to undisclosed funds. (ARtr, pp. 48-50.)

Robertson also described the existence of a so-called “checkbook,” and stated that it coincidentally also contains about \$20 million. Robertson described the “checkbook” as consisting of SPRF monies properly disclosed and appropriated, but which the Department does not allocate for spending in order to maintain an approximate 15 percent SPRF fund reserve for unexpected issues. (ARtr, pp. 50-52.)

Robertson stated that people described the culture of the Department when he arrived as “you didn’t ask really could you do it or not or what the authority was because the rule might not allow you to do it, and that gray area, if you were in the gray area, you worked within there.” Robertson noted: “There seemed to be a culture of secrecy . . . throughout the department,” and that people have come forward and told him “they felt like there was a culture of fear that you didn’t challenge the decisions that Manuel would make.” (ARtr, pp. 66-67.) In conclusion Robertson noted that a chief concern now being addressed is lack of communication among divisions and a failure to operate as a single, coordinated Department. (ARtr, pp. 68-69.)